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SECSTATE PASS TO ALEX BURKART ISN NESS

E.O. 12958: DECL: 10/11/2017  
TAGS: ECON EINV ENRG YM  
SUBJECT: YEMEN DEBATES NUCLEAR POWER

Classified By: Ambassador Stephen A. Seche for reasons 1.4(b) and (d)

1.(C) SUMMARY The ROYG is planning to build five nuclear power plants in partnership with the US-based Powered Corporation over the next 10 years, with work to begin in ~~2009~~. The plants would provide 5,000 megawatts of nuclear power at an estimated cost of USD 15 billion. Recent media coverage questioning the partnership, and reports of opposition within the ROYG developments shed doubt on the likelihood that the plan will ever come to fruition. END SUMMARY.

~~12.~~ (C) On September 24, 2007, ROYG Minister of Electricity and Energy (MEE), Dr. Moustafa Bahran, signed a Participation Agreement with the Texas-based US company Powered Corporation (PC) to establish a relationship for the sole purpose of jointly and exclusively pursuing the development of at least 5,000 megawatts of safe and efficient nuclear electric power in the Republic of Yemen as well as the development of associated water desalination plants.

~~13.~~ (C) In a meeting with CommOff on September 25, PC executives James Jeffrey and Jalal Al-Ghani said that PC has been pursuing the nuclear power deal in Yemen for the last five years. Jeffrey claimed that the State Department's Office of Nuclear Energy, Safety and Security (ISN NESS) gave them a "green light" for the project as long as they take a regional approach. NOTE: ISN NESS told CommOff that the group was part of a consortium formed by Retired Admiral James A. Lyons, and that while the group had been in contact with them, ISN NESS had never given any "green light" for nuclear power projects in Yemen. END NOTE.

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ROYG and Media None Too Pleased  
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~~14.~~ (C) No one in Yemen outside of the MEE seems too thrilled by this deal. Headlines such as "Yemeni-US Nuclear Deal Shrouded in Suspicion," "Yemen's Big Time Nuclear Fraud," "Yemen Nuclear Deal Sparks Security Fears," and "Yemen Nuke Deal May Not Hold" question Bahran's motivations behind signing the deal, PC's lack of experience, and the character of the PC executive officers involved in the deal. News reports speculate that PC received the exclusive deal from MEE based on a personal relationship between Dr. Bahran and Yemeni-American Jalal Al-Ghani, head of PC's Dubai office. Stories claim that their relationship goes back their college days in Oklahoma. Al-Ghani was in the past accused of "fraud against the shareholders" of another company and ousted from his position with that organization through a hostile proxy fight, according to one report; although all charges against Al-Ghani apparently were settled out of court. PC readily admits that it has never built, owned, or operated nuclear power plants. They contend, however, that they will be acting with experienced partners. They have been vague about

who those partners are, but were quick to point out that Retired Admiral James A. Lyons is one of their consultants and "still active with the Defense Intelligence Agency" (DIA). NOTE: Post cannot verify any current relationship between Lyons and DIA. END NOTE.

15. (C) Even though it is well-known that President Saleh has in the past called for the peaceful use of nuclear power in Yemen, POLECON contacts have told EmbOffs that the ROYG is not pleased with the exclusive nature of the agreement and that Bahran acted like a maverick, earning the nickname "Bahrainium." PC executives told CommOff that they were fairly certain that Bahran kept the deal quiet from most people in the ROYG, including those in the MEE. They did not speculate on his motive for doing so. Contacts expect a full investigation into PC's experience and the character of its executives. Most believe Bahran will be "sacked" over the deal. The deal gives PC the exclusive contract for the 3 million USD feasibility study for the project and the power to "prepare a document suitable to solicit open competitive tenders from qualified nuclear reactor vendors and related engineering, procurement and construction companies." The Agreement further grants PC the power to execute contracts with all applicable parties and to proceed with project development and operation. PC is also designated to assist MEE with negotiating, with ROYG governing bodies, all laws, regulations, and conditions necessary to the development of the project as well as to assist MEE in the execution of international bilateral agreements and necessary protocols. Contacts assert that the agreement and any associated contracts should be put to international tender under the sole control of the ROYG. The signed agreement and any future projects will not proceed unless approved by the ROYG Cabinet and Parliament. POLECON contacts believe that these approvals are unlikely at this time.

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COMMENT  
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16. (C) The agreement is not yet ratified by the ROYG Cabinet or Parliament, and recent developments shed doubt on the likelihood that the plan will ever come to fruition. Post is in receipt of the ISN NESS "Background Paper: Yemen and Nuclear Energy" and will draw on the statement of policy it includes regarding the USG view of nuclear power in Yemen as worded.

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